

## Message Text

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PAGE 01 ABU DH 01521 300641Z  
ACTION NEA-11

INFO OCT-01 ISO-00 EB-08 SSO-00 CIAE-00 INR-10 NSAE-00  
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R 291214Z MAY 78  
FM AMEMBASSY ABU DHABI  
TO USDOC WASHDC IMMEDIATE  
SECSTATE WASHDC IMMEDIATE 7906  
INFO AMEMBASSY BEIRUT PRIORITY  
AMCONSUL DHAHRAN  
AMEMBASSY DOHA  
AMEMBASSY KUWAIT PRIORITY  
AMEMBASSY MANAMA PRIORITY  
AMEMBASSY JIDDA PRIORITY  
AMEMBASSY TEHRAN PRIORITY  
USLO RIYADH PRIORITY

UNCLAS ABU DHABI 1521

C O R R E C T E D C O P Y F O R T E X T

E.O. 11562: NA  
TAGS: BBAK, EINV, BTIO, TC, US.  
SUBJ: REQUEST FOR BONA FIDES - JOHN E, MORGAN INDUSTRIES, LAS  
VAGAS, NEV.

1. SUMMARY. POST HAS NOTED ILLUSTRATED HALF PAGE AD IN EMIRATES  
DAILY NEWS THAT OFFERS UP TO 49 PER CENT INTEREST IN LANDMARK  
HOTEL, LAS VEGAS. NEVADA STATE COURT IS REPORTED TO HAVE APPROVED  
ITS SALE FROM THE ESTATE OF HOWARD HUGES. BUYERS ARE OFFERED UP TO  
5 PER CENT EQUITY EACH, ALLEGEDLY WORTH \$2 MILLION, FOR AN  
INVESTMENT OF \$500,000, WITH AN ANNUAL RATE OF RETURN BETWEEN  
40 AND 120 PER CENT. POST REQUESTS VERIFICATION OF ALLEGATIONS  
MADE IN ARTICLE. END SUMMARY.

2. NEWSPAPER AD READS AS FOLLOWS: QUOTE:  
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PAGE 02 ABU DH 01521 300641Z

J.EIX NORGAN INDUSTRIES OF LAS VAGAS, NEVADA, U.S.A., HAS UNDER-  
TAKEN THE TASK OF PURCHASING SOME OF THE LATE BILLIONAIRE HOWARD  
HUGES LAS VEGAS HOTEL RESORTS.

LAST VEGAS HAS BEEN BOOMING THE PAST 10 YEARS.

J.E. MORGAN INDUSTRIES HAS DEVELOPED A WORKABLE INVESTMENT PROGRAM

THAT WILL PERMIT MID-EAST INVESTMENTS.

THESE HOTEL ASSETS ARE SOLD WITH THE APPROVAL OF THE NEVADA STATE COURT AND MORGAN INDUSTRIES NOW HAS THE COOPERATION WITH THE COURTS THROUGH THEIR ATTORNEYS OF LAS VEGAS, PERSELL AND PERSELL. WITH THE COURT APPROVAL ON THESE PURCHASES THERE IS NO DISCRIMINATION OF INVESTMENTS, OTHER THAN THE HOTEL MUST BE PURCHASED BY AN AMERICAN COMPANY OWNING 51 PER CENT OR MORE.

J.E. MORGAN HAS BEEN IN THE EMIRATES WITH LOCAL COUNSEL, ATTORNEY FADI HOURANI OF DUBAI, ARRANGING THE PROCEDURES WITH BANKING OFFICIALS TO PROTECT THE MID-EAST INVESTOR. HE IS THE CHAIRMAN OF HIS DIVERSIFIED HOLDING COMPANY AND HAS MADE SEVERAL FRIENDS WITH THE MID-EAST PEOPLE OVER THE PAST THREE YEARS.

INVESTMENT OPPORTUNITIES WILL VARY IN EACH HOTEL PURCHASE. THE FIRST HOTEL BEING OFFERED TO THE MID-EAST INVESTOR WILL BE AS

FOLLOWS. THE FIRST FIVE INVESTORS WILL RECEIVE 5 PER CENT OWNERSHIP EACH IN THE LANDMARK HOTEL WHICH IS VALUED IN THE U.S. AT 40 MILLION DOLLARS AND MADE A NET PROFIT IN 1978 (SIC)  
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MILLION DOLLARS BEFORE THE HUGES ESTATE USED THE FUNDS FOR OTHER PROJECTS. THE HOTEL HAS 492 ROOMS, RESTAURANTS, BARS, AND SHOW ROOMS.

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PAGE 03 ABU DH 01521 300641Z

THE INVESTORS WITH 5 PER CENT WILL BE VALUED AT TWO MILLION DOLLARS AND WILL COST THE INVESTOR ONLY 500,000 DOLLARS.

THE OTHER INVESTORS WILL RECEIVE ONLY ONE PER CENT FOR HIS INVESTMENT OF 3000,000 DOLLARS THAT WILL RETURN HIM 120,000 DOLLARS PER YEAR IF THE NET INCOME FROM THE HOTEL IS ONLY 12 MILLION DOLLARS. THE FIVE PER CENT OWNER WILL RECEIVE 600,000 DOLLARS PER YEAR FOR HIS INVESTMENT. EACH INVESTOR WILL RECEIVE TWO FREE VACATION TRIPS TO AND FROM LAS VEGAS INCLUDING AIR FARE AND ACCOMMODATIONS IN THE HOTEL OF WHICH THEY ARE INVESTORS TWICE A YEAR.

THE INVESTMENT IS BANKABLE, AND FULLY INSURED BY A 50 MILLION DOLLAR BONDED TITLE INSURANCE CO. OF LOS ANGELES, WHO WILL SEE THAT EACH INVESTOR HAS HIS PROPER OWNERSHIP WHEN MORGAN INDUSTRIES TAKE TITLE TO THE HOTELS AND WILL LIKEWISE BE RESPONSIBLE FOR COLLECTING ALL THE INCOME AT THE HOTELS DAILY AND WILL LIKEWISE BE COLLECTING THE INVESTOR'S INCOME AND DEPOSITING IT IN THE ACCOUNT OF HIS CHOICE.

ATTORNEY FADI HOURANI OF DUBAI WILL COORDINATE WITH THE INVESTORS'

BANKERS AND SET UP A WORKABLE AGREEMENT SATISFACTORY TO ALL PARTIES.

FOR FURTHER INFORMATION CONTACT: ATTORNEY FADI HOURANI, DUBAI  
282021. UNQUOTE.

3. EMBASSY COMMENT: EMBOFF HAS DISCUSSED OFFER WITH LOCAL  
ATTORNEY FADI HOURANI WHO SAID HE WAS UNAWARE OF AD AND WAS ONLY  
ACTING AS LEGAL REPRESENTATIVE OF MORGAN. ATTORNEY SAID THAT  
RATE OF RETURN SEEMED "TOO GOOD TO BE TRUE,." POST WAS ABLE ALSO  
TO CONTACT MORGAN WHO IS CURRENTLY IN SHARJAH, UAE.

4. MORGAN TOLD OIC DUBAI THAT HE, MORGAN, AOULD RETAIN A 51 PER  
CENT INTEREST IN STOCK AND FUTURE PROFES, SOURCE OF \$1.3 MILLION  
DOWN PAYMENT WOULD RECEIVE 25 PER CENT; AND CAPITAL FINDER WOULD  
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PAGE 04 ABU DH 01521 300641Z

GET 24LYER CENT. MORGAN PLANS FURTHER NEWSPAPER ADS AND WILL  
TRAVEL TO OTHER GULF POSTS IN IMMEDIATE FUTURE.

5. ACTION REQUESTED. POST ASKS THAT USDOC PROVIDE INFORMATION  
ON BONA FIDES OF JOHN E. MORGAN INDUSTRIES, PERSELL AND PERSELL,  
AND BONDED TITLE INSURANCE COMPANY. AD DOES NOT APPEAR TO MEET  
SEC REQUIREMENTS FOR NOTICE OF OFFER OF AN INVESTMENT PROSPECTUS,  
ALTHOUGH POST IS AWARE THAT LAPSE FROM SEC REGULATIONS MAY NOT BE  
ACTIONABLE IN AN OFFERING TO NON AMERICANS OUTSIDE THE US. NO  
NOTICE IS GIVEN, HOWEVER, IN AD RESTRICTING INVESTORS TO NON-US  
CITIZENS OR RESIDENTS.  
DICKMAN

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 29 may 1978  
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**TAGS:** BBAK, EINV, BTIO, TC, US, JOHN E MORGAN ENTERPRISES  
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